

Message Text

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PAGE 01 BONN 11416 091714Z

44

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 L-03

H-03 PA-03 PRS-01 USIA-15 ABF-01 RSR-01 /161 W

----- 046711

R 091706Z AUG 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6772

INFO AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY PARIS

USMISSION OECD PARIS

USMISSION EC BRUSSELS

UNCLAS BONN 11416

DEPARTMENT PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: BUNDESBANK TO MAINTAIN RESTRICTIVE MONETARY
POLICY

1. IN A PRESS CONFERENCE AFTER THE AUGUST 9 MEETING
THE CENTRAL BANK COUNCIL OF THE BUNDESBANK EMMINGER
(KLASEN IS STILL ON LEAVE) STRESSED THAT THE COUNCIL
WAS UNANIMOUSLY OF THE VIEW THAT THE BUNDESBANK'S
RESTRICTIVE MONETARY POLICY SHOULD BE CONTINUED.
IT WOULD MAKE NO SENSE "TO GIVE UP THE STABILITY
POLICY A FEW HUNDRED METERS BEFORE THE GOAL HAS
BEEN ACHIEVED." EMMINGER EMPHASIZED THAT THE
STABILITY POLICY IS SHOWING ITS FIRST EFFECTS,
POINTING TO THE DECLINE FROM 7.9 PERCENT IN JUNE
TO 7.2 PERCENT IN JULY IN THE YEAR-ON-YEAR COST-OF-
LIVING INCREASE. HE EXPRESSED HOPE THAT THIS WOULD
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PAGE 02 BONN 11416 091714Z

HAVE ITS MODERATING EFFECTS ON UPCOMING WAGE

NEGOTIATIONS.

2. EMMINGER ALSO SAID THAT THE EXTREMELY HIGH
RECENT CALL MONEY RATES AND VERY WIDE FLUCTUATIONS
IN THAT RATE WERE NOT THE OBJECTIVE OF THE BUNDES-
BANK'S MONETARY POLICY. EMMINGER INDICATED THAT
THE BUNDESBANK INTENDS TO FOLLOW A MORE ACTIVE AND
FLEXIBLE OPEN MARKET POLICY IN THE FUTURE TO PREVENT
SUCH EXTREMES. THE COUNCIL ALSO DISCUSSED THE
POSSIBILITY OF ONCE AGAIN GRANTING LOMBARD CREDITS
TO BANKS, BUT ONLY TO A LIMITED DEGREE AND AT
INTEREST RATES "CLOSER TO MARKET RATES."
HILLENBRAND

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Disposition Event:
Disposition History: n/a
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EO Systematic Review
30 JUN 2005

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TAGS: EFIN, GE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005